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ABSTRACT

This report presents key findings from a review of data focusing on child care arrangements among people who have left welfare. Most states have conducted studies of former welfare recipients using administrative data, surveys of welfare leavers, or a combination of the two. Data from these surveys indicate that most people who have left welfare are working, and typically in jobs with wages below the poverty line. Less than 50 percent of welfare leavers who are working receive child care subsidies, even though a significant number of families who leave welfare need the assistance. About 40 percent of responding families do not know of the availability of child care subsidies. Most welfare leavers report relying on friends or relatives for child care arrangements, while those who do use the subsidies tend to rely on child care centers. Lack of child care is constantly identified as one reason for non-employment among welfare leavers, but it is typically not the most common reason. An appendix presents a description of the reviewed studies of families who have left welfare. (SM)

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Rachel Schumacher and Mark Greenberg

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October 1999

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Child Care after Leaving Welfare: Early Evidence from State Studies

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Executive Summary

In light of significant welfare caseload declines since the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, many questions have been raised about the circumstances of families and children no longer receiving Temporary Assistance to Needy Families (TANF) cash assistance. In response to these questions, a number of states have initiated what have come to be known as "leaver" studies, examining the situations of families whose welfare cases have been closed. Initial study results found that a majority of survey respondents who had left welfare were now working, typically for more than thirty hours a week, and typically in jobs with wages below the poverty line. A number of the leaver studies also seek information concerning the child care arrangements or use of child care subsidies by families leaving welfare. This paper describes key findings from a review of data relevant to child care gathered through surveys of families who have left welfare.

The Studies and Child Care: Importance and Limitations

Most states have conducted or are planning to conduct a study of former recipients of welfare using administrative data, surveys, or a combination of these methods. These studies represent an important early source of information on how respondents are faring once they leave cash assistance, especially since the majority of administrative data being collected and analyzed by the U.S. Department of Health and Human Services is not available at this point. In studying child care usage and patterns, surveys are particularly important data gathering tools, since data from the subsidized care system does not provide information about the care arrangements of those families not receiving subsidized care.

Caution must be advised in generalizing survey-based leaver study findings to the full population of families who have left welfare, however. Many of the state studies present serious methodological issues, including very low numbers of those surveyed choosing to respond, small sample sizes, and confusing or inconsistent language used in survey questions. Of particular concern are studies with low response rates, since they do not provide information about the circumstances of the non-responding population. In addition, wide variation in how different states asked child care questions, what types of questions states chose to include, and the populations states chose to ask make it difficult to ensure comparability of data across states.

Leaver Study Findings

Despite their limitations, the leaver studies provide early information on a number of issues concerning child care for families who have left welfare.

- **Most survey respondents who have left welfare and are working are not receiving childcare subsidies.** In all of the states with data on this topic, less than 50% of the responding families that have left welfare and are now working are receiving child care assistance. In most of the study sites, utilization is 30% or less. Not all families need child care assistance, and one would not expect utilization to approach 100%, but these figures

suggest that a significant number of families that could benefit from child care assistance after leaving welfare are not receiving that assistance.

- **Lack of awareness of the child care subsidy system seems a likely contributing factor to limited uptake among responding welfare leaver families.** In the few studies that included a question on awareness, 40% or more of the families who responded indicated that they were unaware of the availability of child care subsidies. However, this is clearly not the only reason for limited uptake, and there is a need to better understand why utilization is not higher.

- **Overall, most welfare leaver families who responded to the reviewed surveys report that they rely on friends or relatives for child care arrangements. In contrast, those who are using subsidies are more likely to report that they rely on child care centers.** More research is needed to better understand these patterns. For example, do these different patterns occur because families with subsidies have more choices, or because families who prefer informal care arrangements simply select not to pursue child care subsidies?

- **Lack of child care was consistently identified as one reason for non-employment among welfare leavers who responded to surveys, but typically it was not the most common reason.** One state's study suggests that problems with child care arrangements may affect not only parents' employment status, but also their work absences, hours worked, and their choice of job.

Implications for Policy and Future Research

The leavers studies raise a set of important questions that need closer examination by state policymakers and researchers. It is difficult to draw national conclusions from a limited number of studies that rarely ask the same questions in the same ways. Nevertheless, there is reason to believe that significant numbers of additional families could benefit from child care assistance, and that an opportunity to link those families with a benefit that could support both employment and child well-being is not being fully utilized.

While this report draws from findings of leavers studies concerning child care, other recent studies have found evidence of declines in Medicaid receipt and food stamp utilization after families leave welfare. Thus, some of the concerns identified here may relate to broader issues about how to ensure that families leaving welfare due to employment can effectively access the supports for working families that are intended to be available to them. States wishing to ensure that families leaving welfare are aware of and able to access available subsidies need to:

- Determine the magnitude of the problem by gathering data about subsidy uptake;

- Evaluate its processes for informing current recipients and exiters about the availability of subsidies;

- Examine its processes for ensuring that families with employment income are identified at the point of welfare exit;

- Use procedures such as leavers surveys, focus groups and interviews to determine whether current administrative procedures or eligibility rules are inadvertently depressing subsidy usage.

Researchers interested in examining more thoroughly some of the questions raised by this review ought to consider:

- Increasing survey population representation, sample size, and response rates through such methods as: multiple means of and attempts to contact the sample through telephone, mail, and in-person interviews; incentives to encourage participation; multi-lingual interviewers; and follow up with the post office and telephone company to track forwarding information for members of the sample who have moved;

- Ensuring that both state TANF and child care administrators are involved in designing survey questions about child care;

- Developing follow-up questions to better understand the circumstances of respondents who say that they do not need child care assistance;

- Clarifying questions on care arrangements by developing surveys that either expressly seek information for care arrangements for all children below a particular age, or only ask for information for a particular child, e.g., youngest child in the family; that identify the age of the child receiving care; and that make clear whether the survey is asking for data on all care ever used or only on care provided on an ongoing basis for employment;

- Gathering information on families' out-of-pocket costs of child care per individual child so that the data may be analyzed according to whether families are receiving subsidies or not;

- Designing studies to examine potential differences in the child care experiences of different populations, e.g. subsidized vs. non-subsidized, rural vs. urban, racial or ethnic differences, families with infants and toddlers, preschool age children, and school age children;

- Investigating what leavers know about child care subsidy eligibility and they obtain useful information – data that could be helpful in planning outreach and consumer education strategies; and

- Correlating reported hours and times of day worked with child care arrangements chosen, which could increase our understanding of how non-traditional hours and child care arrangements interact and affect employment trajectories.

In short, we now know from state studies that most former TANF recipients are working. At the same tie, we also know that they are often in low wage jobs, and are generally not receiving child care assistance and other supports that could increase their net income and enhance their family's well-being. State leavers studies present an opportunity to enhance our understanding of the situations of families and can also be a vehicle to help states strengthen the supports for the families that have left welfare.

Child Care after Leaving Welfare:
Early Evidence from State Studies

Introduction

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) made sweeping changes to welfare and child care policies touching the daily lives of millions of recipient families across the country. Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC), ending federal entitlements to cash and child care assistance and giving states broader discretion to develop programs to reduce welfare receipt and promote work. States were given access to more funding for child care, along with great latitude to craft child care policies for TANF recipients and other low-income families.

From August 1996 to March 1999, the nation's welfare caseload declined 40%, falling from 4.4 million to 2.7 million families. In light of the dramatic caseload decline, many questions have been raised about the circumstances of families and children no longer receiving TANF cash assistance. Much of the initial concern centered around why families had left the welfare system, what proportion were now working, and what could be said about the well-being of families that were and were not working.

In response to these questions and concerns, a number of states initiated what have come to be known as "leavers" studies, examining the situations of families whose welfare cases have been closed. Not all states have conducted leavers studies, and the studies that have been conducted reflect widely varying approaches in methodology and in questions asked. Nevertheless, these studies are beginning to provide a glimpse into the circumstances of some of the families that have left welfare.

Changes in welfare policy that affect low-income parents' choices about where their children spend their days and nights and who cares for their children during that time have potential implications for child well-being and child outcomes.[1] Although state studies of families who

[1] See Ann Collins & J. Lawrence Aber, *How Welfare Reform Can Help or Hurt Children* (New York: National Center for Children in Poverty, 1997); Ellen S. Peisner-Feinberg et al., *The Children of Cost, Quality, and Outcomes Study Go to School* (Chapel Hill: University of North Carolina, 1999); Martha Zaslow et al., *Welfare Reform and Children: Potential Implications* (Washington, D.C.: Urban Institute, 1998).

have left welfare do not include data regarding the quality of care children are receiving, they do provide an early opportunity to discern patterns in care arrangements for children whose parents have left welfare and are now working.

Some leavers studies ask no questions about child care arrangements made by families that have left welfare; others ask a few questions, and only a small number ask more detailed questions. Some surveys have low response rates. For these and other reasons, one must be cautious in extrapolating from the available studies. However, the findings from the studies suggest some patterns and issues that need further understanding and attention. In particular, the studies generally suggest that:

- Most survey respondents that have left welfare and entered employment are not receiving child care subsidies. In fact, in all of the states with data on this issue, less than 50% of the responding families that have left welfare and are now working are receiving child care assistance. In most of the study sites, utilization is 30% or less. Not all families need child care assistance, and one would not expect utilization to approach 100%, but these figures suggest that a significant number of families that could benefit from child care assistance after leaving welfare are not receiving that assistance.

- The lack of awareness of subsidies seems a likely contributing factor to limited uptake. Most of the state studies do not ask why families are not receiving subsidies, but in the few states that do, 40% of respondents or more express lack of awareness of available subsidies. However, this is clearly not the only reason for limited uptake, and there is a need to better understand why utilization is not higher.

- Overall, most welfare leaver families who responded to the surveys report that they rely on friends or relatives for child care arrangements. In contrast, administrative data indicate that those who are using subsidies are more likely to report that they rely on child care centers. The majority (55%) of children receiving a child care subsidy through the Child Care and Development Fund are in center-based care.[2] However, most survey respondents do not report using child care subsidies.

- For surveyed families that have left welfare and are not working, the lack of child care is typically not identified as the most common reason for nonemployment, although it is consistently identified as one reason. In addition, responses to Florida's leavers study suggest that child care arrangements (or lack of arrangements) affect not just whether an individual is employed, but can also affect frequency of absences, the shift the individual works and the jobs that she can accept.

As more state and federal administrative data are released, we should be able to further develop the picture of child care subsidy usage for families currently receiving TANF assistance, families who have left TANF, and those who have never received TANF. However, much of that

[2] Information released by the Administration on Children and Families, *Child Care and Development Fund, Federal Child Care Information System, Form ACF-800 (October 1, 1997 – September 30, 1998)*, at the Annual Meeting of State Child Care Administrators, August 11, 1999.

administrative data is just beginning to be available, and more information about child care issues for families not participating in the subsidized system is necessary. Thus, the leavers studies provide some early information, and could provide guidance for state child care policies if states expand and strengthen the child care-related questions in future leavers studies.

This paper:

I. provides brief background on TANF child care provisions and relevant policy issues;
II. discusses the importance and limitations of the studies in relation to child care;
III. describes the key child care findings from the studies; and
IV. suggests implications for policy and future research.

I. Background: TANF Child Care Provisions and Relevant Policy Issues

The PRWORA and subsequent federal regulations altered the landscape of child care policy for both TANF and non-TANF low income families. This section briefly summarizes the principal changes and highlights those provisions that have particular implications for welfare leavers.

Generally, the PRWORA combined a set of previously-existing child care funding streams into a single Child Care and Development Fund (CCDF), and provided states with broader discretion in the design of low-income child care subsidy policy. A state may use CCDF funds for families with incomes below 85% of state median income, but it is up to each state to determine its actual income eligibility levels and whether any group of families will be "guaranteed" or "entitled" to child care assistance. States have broad discretion in determining such features as payment rates for child care providers, copayment requirements for families, health and safety standards for providers receiving subsidies, and consumer education requirements.[3] There are significant variations between states in dimensions such as income eligibility, level of provider payment rates, and level of required family copayments.[4]

Under prior law, states were required to "guarantee" child care assistance for AFDC recipients who needed child care in order to accept or retain employment or participate in work-related

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[3] See Mary Culkin, Scott Groginsky and Steve Christian, *Building Blocks: A Legislator's Guide to Child Care Policy*, (National Conference of State Legislatures, 1997); Mark Greenberg, *A Summary of Key Child Care Provisions of H.R.3734, The Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, (Center for Law and Social Policy, 1996), [http://www.clasp.org/pubs/childcare/ clkccp.html]; Sharon K. Long & Sandra J. Clark, "The New Child Care Block Grant: State Funding Choices and Their Implications", Number A-12 in Series, *New Federalism: Issues and Options for States*, [http://newfederalism.urban.org/html/anf_a12.htm].

[3] For example, a Congressional Research Service (CRS) review of state CCDF plans found that eight states and the District of Columbia set their income eligibility limits for family of three at 85% of State Median Income. At the other extreme, twenty-one states set income eligibility between 40 and 59% of State Median Income. CRS also found that provider reimbursement rates for a three-year-old in center-based care full-time ranged from less than $300 a month (five states) to more than $600 a month (five states). As to copayments, CRS estimated that for a single parent earning $12,000 a year with a three-year-old in a center three states required no copayment while six states required copayments of more than $100 a month. Thomas Gabe, Bob Lyke, and Karen Spar, *Child Care Subsidies: Federal Grants and Tax Benefits for Working Families*, (CRS-RL30081, March 1999).

education and training activities. Under PRWORA, states are not required to provide such a guarantee, though they may choose to offer one. According to state CCDF plans, 35 states have indicated they have such a guarantee.[5] Instead of requiring a guarantee of care, the PRWORA prohibits states from reducing or terminating assistance to a single parent of a child under age six if the parent is unable to comply with work requirements due to the unavailability of child care. This protection does not stop the clock on the federal 60-month time limit on cash assistance during the time that a parent is not participating in work activities due to lack of available child care.

Under prior law, states were also required to provide one year of transitional child care (TCC) for qualifying families leaving AFDC due to employment or earnings. The PRWORA eliminated the requirement to operate a TCC program, but according to state CCDF plans, 31 states continue to operate such a program, and 17 more states indicate they give priority to families leaving TANF due to employment over other low income families.[6] In addition, some states indicate that they are able to provide child care assistance to all applicants within a defined eligible population, so there is no need for a guarantee or priority. Time limits on how long TCC is available to families vary from state to state.

While providing states more choice in designing their child care subsidy systems, the PRWORA structure also resulted in a significant expansion of funding for child care. This occurred for two reasons. First, Congress authorized funding for CCDF at levels above anticipated spending under prior law. Federal and state spending reached $4.2 billion in 1997, a 35% increase over the 1996 level of $3.1 billion.[7] Second, the law authorizes states to spend TANF funds directly on child care and permits states to transfer up to 30% of their TANF block grants to CCDF. In 1997, states transferred $187 million to CCDF. In 1998, twenty-four states transferred $652 million of TANF funds to CCDF, and twelve states spent $247 million of TANF funds for child care without transferring the funds.[8]

In summary, then, the PRWORA created broader state flexibility in designing state subsidy systems and additional resources for child care services. While states are not required to guarantee child care for families leaving TANF, the great majority indicate that they either guarantee or prioritize such families. At the same time, the nature of child care assistance may vary substantially from state to state, because states vary in their eligibility levels, their provider payment rates, their family fee scales, and in other key system dimensions.

[5] Evelyne Parizek, Gene Falk, and Karen Spar, *Child Care: State Programs Under the Child Care and Development Fund* (CRS-98-875EPW, October 1998), 8.

[6] Ibid, 8.

[7] See HHS Fact Sheet, *State Spending Under the Child Care Block Grant* (November 12, 1998), [http://www.acf.dhhs.gov/news/press/1998/cc97fund.htm].

[8] Fiscal data concerning expenditure and transfer of TANF funds may be found at [http://www.acf.dhhs.gov/programs/ofs/data/index.html].

II. The TANF Leavers Studies and Child Care Data: Importance and Limitations

As noted above, most states have either completed or are conducting one or more studies of families that have left welfare in recent years. While the principal focus of these studies is not child care, they are potentially important because there are currently serious gaps in data about the child care experiences of families since enactment of the PRWORA. At the same time, the wide variations in approaches among studies make them an imperfect source of information.

Initial data about child care subsidy utilization is beginning to emerge from annual and quarterly data states report to the federal government, with more detailed data expected in the future. States are required to submit annual reports to the U.S. Department of Health and Human Services (HHS) that include aggregate numbers of children receiving CCDF assistance by the type of care. States are also required to submit quarterly reports of disaggregated data concerning families and children receiving CCDF assistance. The data in those quarterly reports could ultimately make it possible for HHS to report on types and amounts of child care subsidies provided, reasons for receiving care, family copayment amounts, and other information about families receiving CCDF assistance. At this point, only aggregate data on types of child care and providers accessed by families funded under CCDF is available. HHS officials indicate that there have been significant problems relating to completeness and accuracy in the data submitted by states, and that HHS and the states are actively working to resolve these problems. This is not unusual in the context of extensive new data reporting requirements, but it does mean that currently there is only very limited available data.

Similarly, states are required to submit quarterly data reports concerning the TANF Program, and the data report forms request, in part, information about families' child care arrangements. However, HHS has not yet published these data. Again, HHS officials indicate that there were difficulties relating to the completeness and accuracy of submitted data and that they hope that these problems will be resolved in future reports. The result is that current data are not available.

Other potential future sources of child care information include the National Study of Child Care for Low-Income Families, the National Survey of America's Families (NSAF), and the Growing Up in Poverty Project. The first study, being conducted by Abt Associates and the National Center for Children in Poverty with funding from HHS, will provide information on the effects of federal, state, and local policies on the child care market and on the employment and child care decisions of low-income families, with a particular focus on family child care. The NSAF, a project of the Urban Institute, provides economic, social, and health characteristics of a nationally representative sample of households, including a subset of welfare leavers (n = 1,289). Forthcoming analysis of NSAF data from twelve focus states will provide insight into state variation in care arrangement choices, number of hours children are in care, and cost of care for low to high income families. Researchers from the Growing Up in Poverty Project are studying how subsidy uptake and formal care choices are made by low income women receiving cash assistance. The study examines families across several states beginning with 1997 data and

continuing longitudinally. Future analysis will include assessment of the quality of care chosen and how community factors and child care supply effect choices.[9]

In light of the limits in currently available data, the TANF leavers studies can be valuable both as a source of information about the experiences of families that have left TANF and about the child care experiences of one group being served by state CCDF programs. However, any effort to look for patterns and themes across the studies faces a number of methodological issues. The studies vary on many dimensions: who is surveyed (e.g., all families who have left assistance; only those who have left for particular reasons; only those who have left and not returned over a period of time); how they are surveyed (e.g., administrative records, mail surveys, telephone, in-person interviews); the time period after welfare exit (e.g., three months later, one year later, etc.); the questions asked; and the response rates. Often, there are differences in the wording of questions between surveys, and even when the same question is asked, states may not be surveying comparable populations or surveying them in comparable ways. As a result, when one state's responses look different from another state's responses, it is often difficult to know whether that reflects a real difference between the states or simply reflects differences in methodologies.

Despite these methodological complications, several recent analyses looking across the studies and have reached similar conclusions about some key results.[10] In particular, reviews of the leavers studies find that:

- Most of the leavers who responded to state surveys are working at that time. Typically, the rate of current employment among respondents ranges from 50% to 70%, with an even higher percentage having been employed at some point since leaving welfare.

- Most employed respondents have wages above the minimum wage but below the poverty line, and most are in jobs in which they are not receiving employer-provided health care.

- While most respondents are working, about 30% to 40% of exiters are not employed. Most studies provide only limited information about the circumstances and reasons for nonemployment.

In preparing this paper, we reviewed all leavers studies that were known to us. Among those studies, the ones that included questions concerning child care are described in the Appendix.

The studies present information about former welfare recipients who left cash assistance rolls at various times between 1996 to 1998. Researchers contacted these former clients anywhere from

[9] Bruce Fuller et al., *Who Selects Formal Child Care: The Role of Subsidies as Low-income Mothers Negotiate Welfare Reform.* (Paper presented at the Society of Research in Child Development, Albuquerque, New Mexico, April 1999).

[10] See U.S. General Accounting Office, *Welfare Reform: Information on Former Recipients' Status,* GAO/HEHS-99-48 (April 1999); Sarah Brauner and Pamela Loprest, *Where Are They Now? What States' Studies of People Who Left Welfare Tell Us* (Urban Institute, May 1999); Sharon Parrott, *Welfare Recipients Who Find Jobs: What Do We Know About Their Employment and Earnings?* (Center on Budget and Policy Priorities, November 1998).

one month to 24 months after their cases closed. Some studies included only those former recipients who reported that they had remained off of cash assistance during the time since their cases closed, but others did not.

One key issue to consider when using these studies concerns their response rates. Most of the studies relied in some way on self-reported data collected through direct contact with former recipients, either through written surveys, phone or in-person interviews. Given the nature of the population, and the likelihood that many former recipients are facing significant challenges, it should come as no surprise that researchers have often had difficulties in achieving high response rates. Leavers may have moved, their phones may be disconnected, they may be doing shift work that takes them away from the home at unpredictable hours, or they may simply decide not to participate.

When a significant portion of the leavers that researchers intended to contact are left out for any reason, a piece of the picture of how leavers are faring remains unclear. If leavers' data are going uncollected for hardship reasons, such as having left the filed address to move in with another family or being unable to afford phone service, then the study results may not accurately reflect the overall conditions of the leaver population. Some recent reviews have opted to only include studies in which there was a response rate of at least a certain percentage, and for which there is evidence that respondents do not systematically vary from non-respondents.[11] In preparing this paper, we chose to include all available studies but to caution the reader to take into account response rates in evaluating the utility of a state's data. We also indicate where data are from a study with response rate below 50%. Table 1 provides information on the overall response rate for each study reviewed here.

There are also some specific issues in attempting to compare child care findings across studies:

- Child care questions are asked differently, and asked of different populations across the various studies. For example, some researchers asked all those they surveyed about whether they are receiving child care subsidies, others asked only those who reported employment, and others asked only those reporting that they had a child care arrangement.

- Sample size is sometimes very small. Often, the field of respondents who are asked questions relevant to child care narrowed to what may not be a representative sample. Since the studies were not designed with the focus of assuring sufficient responses for the child care questions in particular, the child care data reported are often based on only a fraction of the full leavers study population. Where possible, the number of respondents to a question is noted in tables.

[11] The General Accounting Office review only included data from those studies with a 70% or higher response rate or those that conducted an analysis of the non-respondent population demonstrating no major differences from the respondent population. Brauner and Loprest of the Urban Institute only included studies that thoroughly described their methodology and had a 50% or higher response rate. A National Governor's Association Issue Brief, *Tracking Welfare Reform: Designing Followup Studies of Recipients Who Leave Welfare,* notes: "Major followup studies generally seek a response rate of 70% or more." May 1998, 7, [http://www.nga.org/Pubs/IssueBriefs/ 1998/ 980519TrackingWelfare.asp].

- Questioning specific to child care is limited. Since child care is usually only one of the many issues surveys try to address, the questions often are not comprehensive in nature.

Despite these difficulties, the studies provide information on a set of issues of considerable interest: a) what share of employed leavers are receiving child care subsidies; b) possible reasons why leavers do not use child care assistance; c) what are the most common child care arrangements for working families that have left welfare; d) how do child care arrangements or lack of arrangements affect the employment activities and experiences of welfare leavers. Table 1 provides information on the type of child care questions asked in each study.

Table 1. Study Methodology

Study Site	Sample Size	Data Collection	Response Rate	Types of Child Care Questions
Arizona *Interim Report*	n = 10,647	Administrative data; survey data not yet released	Not applicable	Subsidy usage by population characteristics including: sanction status; family structure; urban vs. rural; education level; ethnicity; age
Florida	n = 1,007	Phone interviews	51%	Subsidy usage; benefit awareness; hardship finding or affording care
Idaho	n = 242	Mail surveys	13%	Subsidy usage; type of care
Kentucky *Second Year*	n = 522	Phone interviews	42%	Paying for child care; child care arrangements; subsidy usage; average cost; reason for not using; satisfaction with arrangements; reason for arrangement choice; type of agency assisting
Massachusetts *Round One* *Round Four*	 n = 341 n = 210	Phone and in-home interviews; letters	 53% 62%[1]	Subsidy usage; child care arrangements; paying for care; benefit awareness; reason for not working or in activities
Mississippi	n = 351	Administrative data; phone and in-person interviews	87%	Reason for unemployment; child care arrangements; subsidy usage; average cost of care; hardship finding or affording care
New Mexico	n = 617	Written surveys	12%	Subsidy usage (by gender and by metro/rural site of respondent)
New Orleans, Louisiana	n = 349	Phone interviews	17%	Subsidy usage
New York City	n = 126	Phone and in-person interviews	22%	Child care arrangements; subsidy usage (included in interview script but not reported)
North Carolina *Time Limited*	n = 241	Phone interviews and mailed surveys	77%	Subsidy usage; use of child care; child care arrangements; child care help received from caseworker prior to reaching 24-month time limit
Oklahoma	n = 292	Phone interviews	53%	Subsidy usage; child care arrangements; reason for unemployment
South Carolina *1997 Full Year* *Jan/Mar 1998*	 n = 1617 n = 384	Phone and small number of in-person interviews	 76 – 80% 75%	Reason for unemployment; hardship finding and affording care; child care arrangements by age of children and average cost; subsidy usage; benefit awareness
Tennessee *Sanctioned* *Refused to Sign Agreement*	 n = 587 n = 331	Phone interviews	 56% 60%	Subsidy usage
Texas[2]	n = 1484	Administrative data; mail surveys	Ranged from 54 to 66%	Subsidy usage by family type and by area of state
Washington *August 1998 Exiters*	n = 592	Phone interviews; outreach	52%	Subsidy usage; hardship reason for not working; child care arrangements by whether using subsidy or not; reason not using subsidy; reason for child care arrangements by whether using subsidy or not; average cost of care
Wisconsin	n = 375	Phone and in-person interviews	69%	Reason for unemployment; hardship finding or affording care; subsidy usage; child care arrangements and whether parent pays for this care by child age group
Wyoming	n = 200	Phone interviews	32%	Subsidy usage

[1] In Round Four of Massachusetts' study, the response rate means that 62% of those who responded in Round One also responded in Round Four.
[2] Texas conducted four separate studies of leavers by respondents' status as border and non-border residents, one parent and two parent families. The n = total number of respondents who were leavers; the range of response rates presented was among the four surveys.

III. Key Child Care Findings from the TANF Leavers Studies

A. What share of employed leavers are receiving child care subsidies?

In those studies that asked about both employment status and child care subsidy receipt, most employed respondents are not receiving child care subsidies. No state explicitly reported the share of employed leavers receiving subsidies, so it was necessary to derive that information from data contained in the studies. It is sometimes impossible to calculate a subsidy receipt rate among employed leavers from the state studies, but in the fifteen sites for which we were able to do so we found utilization rates of less than 50% in all sites, and 30% or less in most of the sites.[12] According to data collected by the Urban Institute in the NSAF, 19% of a sample of leavers reported receiving child care subsidy in the first three months after leaving welfare, but a figure for employed leaver families has not yet been calculated.[13]

In order to derive the share of employed leavers who were receiving subsidy, we adapted data collected by state studies of TANF leavers. Most (though not all) studies ask about current employment, and some studies ask about whether the family is currently receiving a child care subsidy. It is possible, though not typically the case, that a family could be receiving a child care subsidy for a reason other than employment. In Table 2 below, we have attempted (where possible) to organize state data into a consistent framework, by presenting the share of former leavers reported to be employed, the share reporting receipt of a child care subsidy, and a derived percentage of employed leavers receiving a subsidy. Note that if some of those receiving subsidies are not employed, the effect is for this table to somewhat overstate the share of employed leavers receiving subsidies.[14]

[12] Massachusetts data regarding subsidy utilization cannot be reported in a comparable fashion because the subsidy receipt figure reflects number of subsidized children, not number of respondent households receiving subsidies. In addition, Massachusetts' state research staff expressed concern that low response rates to these specific questions may compromise the data and raise questions about the validity of the results.

[13] Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* (Washington, DC: Urban Institute, 1999), Chart 10.

[14] For example, Idaho's study shows that while 95 respondents said they used child care, only 52 said they did so for employment reasons. Other reasons included job search, school, and recreation purposes.

Table 2. Subsidy Receipt Among Former Recipients

Study Site	Currently Employed (Full Sample)	Receiving Subsidy (Full Sample)	Employed and Receiving Subsidy[3]
Arizona *Interim Report*	52%	15%	29%
Florida	59%	18%	30%
Idaho*	58%	24%	35%
Kentucky*	44%	7%	15%
Mississippi	35%	14%[2]	30%[4]
New Mexico*	56%	13%	19%
New Orleans, Louisiana*	34%	3%	10%
North Carolina *Time Limited*	63%	9%	14%
Oklahoma	51%[2]	23%	34%[5]
South Carolina *Jan/Mar 1998*	55%	10%	18%
Tennessee			
Sanctioned	39%	Not available	16%
Refused to Sign Agreement	42%		21%
Texas	48%[1]	12%	Not available
Washington *August 1998 Exiters*	71%	25%	36%
Wisconsin	62%	17%	27%
Wyoming*	61%	28%	46%

*** Response rate below 50%.**

[1]Data reflect the percentage of former recipients who left welfare due to new employment or increased earnings.

[2]Calculated by CLASP from percentages or numbers reported in study data.

[3]Calculated by CLASP by dividing the number of respondents reporting subsidy usage by the number reporting current employment, unless otherwise noted.

[4]Calculated by CLASP based on comparing the number reporting employment at any point in the past six months (47%) to the number reporting any child care subsidy receipt in the past six months; does not reflect current subsidy receipt.

[5]Calculated in consultation with Oklahoma staff; represents proportion of employed receiving child care subsidy (no one in training).

Should the reported rates of uptake be considered high or low? The answer depends, in part, on whether one compares these uptake rates with past performance of the subsidy system, or with indications of likely need.

Under AFDC, all states were required to operate a transitional child care (TCC) program for families leaving AFDC due to employment. However, it was generally impossible to calculate a TCC uptake rate, because case closure data often did not identify whether a family leaving AFDC was leaving due to employment. In its early years, TCC was a very small program. The numbers of families receiving TCC were never large, though program participation had been growing each year.[15] A number of factors were viewed as explaining low TCC utilization, including the complexity of eligibility rules, the requirement of a separate application for assistance, and the fact that state case closure procedures often did not identify families leaving welfare due to employment.

A second source of comparison can be made by considering child care assistance rates for participants in the JOBS Program (the program of education, training, and employment-related

[15] From FY1992 to FY1995, the average monthly number of children receiving TCC grew by 121%, from 63,667 to 141,017. DHHS/Administration for Children and Families (Form ACF-115); HHS Fact Sheet, *State Spending under the Child Care Block Grant* (November 12, 1998) [http://www.acf.dhhs.gov/news/press/1998/cc97fund.htm].

activities for AFDC recipients). Although continuing data problems made it difficult to know the share of JOBS participants receiving child care subsidies, it appears that about 23.5% of participants received subsidies in Fiscal Year 1994.[16] Thus, it is possible that the utilization rates among welfare leavers may be somewhat comparable to the utilization rates under JOBS.

It is also possible that there is great variation in subsidy uptake rates among different segments of the leaver population. For example, the Interim Arizona study, using administrative data, found different uptake rates between rural (9%) and urban (17%) leavers. Arizona researchers also found that those leavers with less education reported lower rates of child care subsidy use.

At the same time, there are a number of reasons why one might have anticipated higher utilization rates as states implemented TANF and other welfare changes of recent years. In many states, parents with young children were exempt from required JOBS participation, but the combination of TANF's reduced exemptions, time limits, and stronger employment emphasis means that a large share of welfare leavers have young children. According to the Urban Institute's NSAF, 42% of former recipients have children under age three compared to 32% of low-income mothers generally.[17] And, JOBS participation often involved 20 hours a week of structured activity or less, while surveys of employed leavers indicate that most are working 30 hours a week or more.[18]

Given that the majority of surveyed leavers are not using subsidies, are they having difficulties finding or affording child care? Only two studies – South Carolina and Wisconsin – directly asked about difficulties in finding or affording care among employed and unemployed leavers. Table 3 presents the results; 19% of responding leavers in South Carolina and 33% in Wisconsin report having had a time since leaving welfare when they needed but were unable to pay for child care. These numbers suggest that the cost of care for families without subsidies could be a significant problem.[19] Also, Washington specifically looked at the cost of care for families not receiving subsidies and found that families purchasing care without subsidies paid an average of $245 per month as compared to $58 per month for families with subsidies.[20]

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[16] Calculated by CLASP. *1996 Green Book* (Committee on Ways and Means, U.S. House of Representatives: November, 1996), 425-427; *Title IV-A Child Care Tables* (DHHS, Administration for Children and Families, Fiscal Year 1994), Table 2.

[17] Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* (Urban Institute, 1999), Table 1.

[18] Sarah Brauner and Pamela Loprest, *Where Are They Now? What States' Studies of People Who Left Welfare Tell Us* (Urban Institute, May 1999), 5-6.

[19] One should keep in mind, however, that it is at least possible that some of the respondents indicating difficulty in paying for care could have been families receiving subsidies but facing difficulties in paying required copayments.

[20] Several other states also report cost of care data in their studies, but we have not generally summarized it in this document, because when a cost of care figure is reported, it is often impossible to tell whether the data is averaging costs among those with and without subsidy, whether incurred costs are for those without subsidy or also include those receiving subsidy but paying copayments or other fees, and whether reported costs are for one or multiple children.

Table 3. Difficulty Affording or Finding Child Care Post-Welfare

Study Site	Population	Questions	Percent Yes
South Carolina	1997 Full Year (n=1617)	Have you ever needed a regular babysitter or child care service but could not pay for it?	19%
		Have you ever needed a regular babysitter or child care service but could not find it?	18%
Wisconsin	Full leaver sample (n=375)	Have you ever had an incident when you could not afford child care after leaving welfare?	33%
		Have you ever had an incident when you could not find child care after leaving welfare?	25%

In summary, it is at least puzzling that such a limited share of families who have left TANF and are working receive child care assistance. The following sections provide some information on family care arrangements and choices, but there is a clear need for a more comprehensive picture than is possible to develop using the current leavers study questions.

B. What are possible reasons why leavers do not use child care assistance?

One reason for limited uptake of child care subsidies may be lack of awareness. Three studies directly asked about awareness of child care subsidies.[21] The results for these states are displayed in Table 4. Each state asked the question a little differently. The responses suggest a range in which about 40% and 60% of responding leavers report knowledge of child care assistance under the state's transitional or income eligible programs. Also, in South Carolina unemployed leavers were much less likely to be aware of child care assistance programs than employed leavers. It is unclear whether lack of awareness impedes leavers' efforts to find work or whether leavers who enter employment are more likely to find out about subsidy eligibility.[22]

Table 4. Knowledge of Child Care Subsidy Programs

Study Site	Question	Percent Aware
Florida (n=1007)	Did you know you can get child care assistance?	43%
Massachusetts		
Round One (n=200)	Are you aware that the Department of Transitional Assistance will pay for child care for one year after leaving welfare for work?	62%
(n=192)	Are you aware of the state's income eligible child care program?	51%
South Carolina *1997FullYear* (n=1617)	Did you know that you may get assistance to pay for child care if you leave welfare to work at a job?	56% 70% *Employed* 42% *Unemployed*

While each of the above studies suggests that lack of awareness may be a factor in affecting

[21] A fourth state, New Jersey, conducted a study of sanctioned leavers in which respondents were asked whether they were aware of child care and transportation expense support available to people who leave welfare due to earnings. The state reported 48% of respondents said no. New Jersey Department of Human Services, (*WFNJ (TANF) Sanction Survey*, July 2, 1998).

[22] A pre-TANF study of 1995 data from current and former welfare recipients in California also found a striking lack of awareness of child care assistance benefits linked to employment; 81% of respondents did not know that TCC/At-Risk benefits would be available to low-income families who left welfare for employment. Marcia K. Meyers & Theresa Heintze, *The Performance of the Child Care Subsidy System: Target Efficiency, Coverage Adequacy and Equity* (1998), 20.

subsidy usage, it is clearly not the only factor, and in at least one state – Washington State – it does not appear to be the principal factor. Washington expressly asked families with children under age 13 whose parent is at work while the children are not in school and who said they did not receive subsidy why they were not receiving subsidies. Table 5 presents results.

Table 5. Washington State (*August 1998 Exiters*): Reason Not Using Subsidies

Reason	Percent Who Identified this Reason (n=221)
No need for Department subsidies	46%
Didn't think I would qualify	15%
Too much trouble to apply for subsidies	11%
Department would not pay for chosen provider	8%
Not aware of Department subsidies	3%
Paperwork delayed by Department	2%
Youngest child is over 12	0%
Someone else pays for my child care	1%
Other unidentified reasons	14%
Could not find provider who would accept reimbursement	0%
No transportation to provider	0%
Child too sick/disabled to get a provider	0%
Child too young	0.4%

In addition to including this question, Washington researchers also compared characteristics of respondent families using child care subsidies to those not receiving subsidies. The results reported indicate that families working non-standard hours were less likely to use subsidies, as were families with more than one worker or adult in the family. These results may indicate a relationship between subsidy uptake and leaver families' work schedules as well as access to family member help. Respondent families with younger children, especially children under age seven, were more likely to use subsidies.

C. What are the most common child care arrangements for working families that have left welfare?

A number of studies ask about the child care arrangements for employed leavers. Typically, the surveys are not just asking about the child care arrangements of those receiving subsidies, but are asking about child care arrangements whether or not the leaver is receiving a subsidy. No two studies ask the questions in precisely the same way. Nevertheless, the consistent picture across studies has been that most employed respondents are making use of relatives, friends, or other informal arrangements to care for their children while they are working.

As one reviews the results displayed in Table 6, it is important to note some cautions regarding the data. There is no general comparability to the terms states used to define the array of care options parents might use; the chart reflects the exact language as reported by states sorted according to our basic categories of relatives, friends, center-based, family child care, and other. The studies gathered care arrangement data from different segments of their sample populations (employed; with children under a certain age; using child care). When questions were asked of more than the pool of leavers who said they used child care, categories such as "no care necessary" are reported. One state asked families about their arrangements for their youngest child (Washington), while others (Massachusetts, South Carolina, and Wisconsin) asked about arrangements for multiple children.

Table 6. Child Care Arrangements for Children of Former Recipients

Study	Population	Relatives	Friends	Center	Family Child Care	Others
Kentucky*	Using child care (n=196)	51%	17%	25% day care	No fitting category	7%
Massachusetts[1, 2] *Round One*	With children under age 14, up to four children (n=Not available)	52% total 30% great/grandparent 13% other relative 5% other parent 4% sibling	12%	8%	11% baby-sitter/ family day care	8% school/after-school .9% self-care .6% can't afford/find 5% not needed 4% other
Round Four		48% total 29% great/grandparent 12% other relative 5% other parent 2% sibling	7%	7%	3% baby-sitter/ family day care	7% school/after-school .4% self-care .8% can't afford/find 25% not needed 2% other
Mississippi	Used child care in the last six months (n=87)	62% family or friends		38%	No fitting category	No fitting category
New York City*	Ever employed since case closed (n=84)	41% informal care		10%	4%	37% no care 4% after school 4% combination
North Carolina *Time Limited*	Use child care (n=33)	18%	No fitting category	48%	6% care in a private home	21% after school care
Oklahoma	Employed (n=147)	22% total 11% grandparent or other family member 6% dad/dad's family 5% sibling	7%	30%	5%	19% no need for care due to age 15% mother home 2% other
South Carolina *Jan/Mar 1998*[2]	Employed, using child care, with preschoolers (n=89)	48%	9%	27%	8%	2% Head Start 2% school program .9% church 3% other
	Employed, using child care, with school age children (n=65)	49%	16%	27%	4%	4% school program
Washington *August 1998 Exiters*	Working while youngest child not in school (n=359)	41% total 20% grandparent 9% other/ step parent 7% other relative 5% with older siblings	No fitting category	21%	15%	10% babysitter in child's home 4% self-care 3% (preschool/ Head Start/ ECAP) 1% with parent at work 5% other
Wisconsin[2]	With preschoolers and using child care (n=136)	34%	19%	22%	18%	1% Head Start 1% school 13% other
	With school age children and using child care (n=77)	47%	16%	25%	16%	14% school 25% other

*** Response rate below 50%.**

[1] Administrative data provided by the Massachusetts Office of Child Care Services show 56% of children of former welfare recipients receiving subsidy through the state voucher system are in licensed center-based facilities, 21% in licensed family child care homes, and 23% in licensed-exempt relatives or in-home providers. The survey data reported above were gathered from a sample including families receiving subsidy and not receiving subsidy.

[2] The data reflect multiple care arrangements per family.

Differences among the studies in reported usage may reflect the above described differences in methodology, or other state-specific factors. Attitudes toward and availability of formal and informal care arrangements may differ by state and region of the country.[23] State regulations that encourage or discourage leavers' use of informal care, e.g. different required parent copayments, payment levels to providers, or state practices, may also account for some of the variation among the states.

Despite the potential for wide differentiation, there is consistency among almost all the studies in that relative care was the most common arrangement among respondents for care of their children. In the two states that looked at differences in arrangements for preschool and school-age children (South Carolina and Wisconsin), this trend held true. In the three states that reported which specific relative was responsible for care (Massachusetts, Oklahoma, and Washington), researchers found that grandparents and even great-grandparents were often caretakers for the children of leavers. In North Carolina, where the majority of respondents reported using a child care center, it may be that the design of the survey questionnaire led to underreporting of child care use.[24]

It is important to emphasize that this picture is of the care arrangements of respondents whether or not they are receiving child care subsidies. State-reported data to the federal government indicates that most children receiving CCDF subsidies are in center-based care. In FY 98, 55% of children receiving CCDF-assisted child care were in center care; 30% were in family homes, 11% were in the child's own home, and 4% were in group homes.[25] The finding that most working respondent leavers are using friends and family members for their child care arrangements is not necessarily inconsistent with the subsidy arrangement patterns for two reasons. First, since most respondents were not receiving subsidies, it is entirely possible that most subsidy recipients are relying on center-based care, while overall most working leavers are not. Second, it is possible that the care patterns for former TANF recipients differ from the patterns for other CCDF recipients. While there are no current data addressing this point, data under prior law indicated that AFDC families and those who had recently left AFDC were less likely to be using center-based care than were other low-income families receiving child care assistance.[26]

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[23] A National Center for Children in Poverty study of the Illinois and Maryland cash assistance-connected subsidy systems found striking differences in care arrangements between those states. The most common care arrangements in Illinois were relative (41%) and in-home (25%) care, while the top two arrangements in Maryland were center care (39%) and family child care (31%). See Jessica Brickman Piecyk, Ann Collins, and J. Lee Kreader, *Patterns and Growth of Child Care Voucher Use by Families Connected to Cash Assistance in Illinois and Maryland* (NCCP, May 1999), 18.

[24] Of 241 respondents, of which 153 were working, only 33 reported that they were "using child care."

[25] Information released by the Administration on Children and Families, *Child Care and Development Fund, Federal Child Care Information System, Form ACF-800 (October 1, 1997 – September 30, 1998)*, at the Annual Meeting of State Child Care Administrators, August 11, 1999.

[26] FY95 data for children receiving subsidy in the AFDC and TCC programs indicate that approximately 46% were in child care centers, 39% in family/group home care, and 15% cared for in the child's home. FY95 data for low-income children receiving subsidy under the Child Care and Development Block Grant (CCDBG) specify approximately 58% in child care centers, 35% in family/group home care, and 7% cared for in the child's home; FY95 data for children in low income working families receiving assistance under the At-Risk Child Care Program

Are care arrangements affected by whether families receive subsidies? Further research is necessary to answer this question definitively, however, two states with leavers studies were able to compare the care arrangements of respondents who did and did not receive subsidies. Washington State's leavers study expressly considered the question of how child care arrangements differ for those receiving and not receiving subsidies. Another state – Oklahoma – tabulated this information upon our request. Results are displayed in Tables 7a and 7b. Families receiving subsidies were much more likely to use center-based care than families not receiving subsidies in both states (42% vs. 7% in Washington; 73% vs. 8% in Oklahoma). Both states also found that families without subsidies were much more likely to rely on relative care.

Table 7a. Washington *(August 1998 Exiters)*:
Child Care Arrangements by Subsidy Receipt Status
(Arrangement recorded for youngest child of respondent)

Care Arrangement	With Subsidy (n=150)	Without Subsidy (n=244)
Relative	13% grandparent 0% other parent/stepparent 5% other relative 0% older siblings	30% grandparent 14 % other parent/stepparent 11% other relative 8% older siblings
Center	42%	7%
Family Child Care	19%	12%
Others	13% babysitter 4% preschool/Head Start 1% more than one type of care 1% at work with parent 0.6% other	8% babysitter 3% more than one type of care 2% preschool/ Head Start 0.4% at work with parent 4% other

Table 7b. Oklahoma:
Child Care Arrangements for Employed Respondents by Subsidy Receipt Status
(Arrangements recorded for up to six children in responding family)

Care Arrangement	With Subsidy (n=103)	Without Subsidy (n=198)
Relative	5% grandparent or other family 0% dad/dad's family 2% sibling	14% grandparent or other family 9% dad/dad's family 6% sibling
Center	73%	8%
Family Child Care	8%	4%
Others	8% no need for care due to child's age 4% friends/private individual 1% mother home	25% no need for care due to child's age 8% friends/private individual 22% mother home 4% other

Extensive use of relatives and friends for child care arrangements among responding families does not look notably different from the overall patterns of arrangements for families below poverty. Census data indicate that in 1994, for employed mothers with incomes below the poverty line, 52% of preschool children had a primary arrangement of relative care, while 22% had a primary care arrangement of day care/preschool/nursery school. Families above the poverty line were also more likely to rely on relative care than day care/preschool/nursery

indicate that 68% received care in a center, 27% in a family/group home, and 5% in the child's home. Percentages for AFDC, TCC, and At-Risk programs calculated by CLASP from data released by ACF, U.S. Department of Health and Human Services [http://www.acf.dhhs.gov/programs/ccb/data.1995.htm].

school, but to a lesser extent than for families below the poverty line. [27]

One factor that may be affecting the choice of care arrangements for leavers is the extent of nontraditional work hours. Washington researchers asked respondents a series of questions about the standard hours in which they worked and found that 51% worked a combination of weekends and weekdays, and 38% worked primarily a non-day schedule. The NSAF found that more than a quarter of working former recipients reported working outside of the standard hours of 6 a.m. to 6 p.m.[28] Research has shown that employed parents who need to be flexible in order to accommodate non-traditional work hours will seek flexibility from either child caregivers or those with whom they share family responsibilities.[29]

That care arrangements for families with subsidies look very different from care arrangements for families without subsidies cannot be fully explained by the available information in the leavers studies. The situation might be occurring because families with subsidies have more choices, or might simply reflect self-selection: it is possible that families wanting center-based arrangements are more likely to seek subsidies, and families wanting to use relatives are less likely to use subsidies. However, Washington researchers took a further step in expressly asking families with and without subsidies to identify the principal reason why they chose their child care arrangements. The results are displayed in Table 8.

[27] For families above poverty with a working mother 43% of preschool children were in relative care and 30% in day care/preschool/nursery school. *Who's Minding Our Preschoolers?*, (U.S. Bureau of the Census, 1994) Table 8. Percent of Preschoolers of Employed Mothers in Primary Child Care Arrangements by Mother's Race, Marital Status, Labor Force Status of Principal Job, and Family Poverty Status: Fall 1994, [http://www.census.gov/population/socdemo/child/p70-62/tab08.txt].

[28] While most NSAF families who left welfare were not in two-parent families (61% have never married or were widowed/divorced/separated), among those that that were, 62% reported that their spouses or partners worked different hours so they could take turns caring for their children. Pamela Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?*, (Urban Institute, 1999), 11.

[29] Arthur Emlen, *From a Parent's Point of View: Flexibility, Income, and Quality of Child Care*. Presented at the "Child Care in the New Policy Context" meeting, sponsored by the SEED 2000 consortium of federal agencies, the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, and Child Trends, Inc., May 1998, 12-13.

Table 8. Washington State *(August 1998 Exiters)*: Reasons For Child Care Arrangements According to Subsidy Receipt Status

Reason for care arrangement	With Subsidy (n=150)	Without Subsidy (n=244)
Care is free	0%	26%
Provider is someone parent knows	37%	27%
Convenient location	14%	8%
Quality of care	21%	26%
Flexible hours	6%	1%
Provider accepts state reimbursement	17%	0%
Care is affordable	1%	10%
Provider is licensed	1%	0%
Other (unidentified reasons)	3%	3%

Among those without subsidy, the most frequent reasons (total of 36%) for the child care arrangement were that the care was free (26%) or affordable (10%); in contrast, only 1% of those with subsidy gave such responses.[30] Among those with subsidy, the most frequent reason (37%) was that the provider was someone the parent knows.[31] It is perhaps surprising that the availability of subsidy did not, in itself, result in more families identifying "quality" as the reason for their choice of care: in fact, more families without subsidy (26%) than with subsidy (21%) identified quality as the principal factor affecting their choice.

Washington's is the first state study (to our knowledge) that expressly sought to identify the care arrangements of those with and without subsidy, and to ask both groups why they made the choices they made. Oklahoma was also able to disaggregate its existing data to address the question of care arrangements among those with and without subsidy. Other states may be able to scrutinize existing data this way as well. As more states begin asking similar questions and reporting results, this information could enhance understanding of the role that subsidy does – and does not – play in affecting a family's child care choices and arrangements.

D. How do child care arrangements or lack of arrangements affect the employment activities and experiences of welfare leavers?

Child care arrangements (or lack of arrangements) could affect employment experiences of leavers in several different ways. The lack of child care might make it more difficult to obtain or retain employment. Unstable or unreliable child care could adversely affect continued employment. Some of the studies sought information about these issues. Results are displayed in Table 9.

First, several studies asked unemployed leavers or leavers who had lost employment whether child care problems were a factor in explaining their unemployment. As Table 9 indicates, each of the questions was worded somewhat differently, but child care was identified as a factor by 5% to 30% of the nonemployed, varying with the state and question asked. Thus, child care

[30] Note, however, that even for those with subsidy, cost sometimes affected the choice of care, as 17% indicated that the principal reason for their choice was that the provider accepted state reimbursement.

[31] In another state, Kentucky, researchers found that 83% of respondents using child care identified "high level of trust" as the main reason for choosing their child care arrangements.

difficulties are (according to self-reports) one of the factors affecting the continued unemployment of some leavers, but not the only factor.[32]

Second, Florida's leavers study asks an interesting set of questions about other ways in which child care difficulties could affect employment. Instead of just asking the unemployed, Florida asked the entire sample questions about how child care affected their employment choices and experiences. About one-fourth (26%) of respondents indicated that they knew of a better job they could get if they had better child care; 22% indicated that they had missed work last month because of a child care problem; 33% reported that child care problems had led to a change in hours of work; 22% reported that child care problems had led to a change in jobs, and 17% reported that child care problems had led to a new line of work. Overall, 51% of surveyed respondents answered "yes" to one or more of these questions.

To date, other leaver studies have not asked questions similar to Florida's, but in a context in which states have been increasingly concerned with issues of employment retention and advancement, the Florida results suggest that child care problems can be a barrier affecting both retention and advancement.[33]

[32] Determining the most common barriers to employment for leavers is made difficult by the variety of way in which studies asked relevant questions. Typically, physical/mental health problems and illness are commonly cited causes of nonemployment (32% in South Carolina, 28% in Washington State, 27% in Wisconsin, 26% in Massachusetts, 27% in the NSAF data). NSAF also found 26% saying "taking care of home/family" but this reason is not strongly evident in the state leavers studies.

[33] A Washington state survey of current and former TANF and other low income families asked respondents to identify problems they had in the past year due to child care. Among parents working or in work-related activities: 59% said they were unable to work certain shifts; 50% said they were late/absent from work/school/training; 29% said they worked fewer hours on a regular basis. Marna Geyer Miller & James Hu, *DSHS Subsidized Child Care: A Briefing Paper* (Department of Social and Health Services, Research and Data Analysis, 1999), 10.

Table 9. Child Care Arrangements Impact On Employment Status

Study	Population	Employment Status Questions *(more than one reason could be reported)*	Percent
Massachusetts	Had worked, now unemployed (n=44)	• Why did you stop working? ("child care")	30%
		• What is the main reason you are not working now? ("child care")	12%
	Never employed (n=62)	• What is the main reason you are not working now? ("child care")	23%
Mississippi	Unemployed at time of interview (n=228)	Reported reasons for not working ("cannot find child care")	16%
North Carolina *Time Limited*	Unemployed at time of interview (n=89)	What are the reasons you are not working now? ("child care problems")	5%
South Carolina *Jan/Mar 1998*	Unemployed at time of interview (n=174)	What stops you from working for pay? ("lack child care")	22%
Washington *August 1998 Exiters*	Have not worked since leaving welfare (n=97)	Reported reasons not working since leaving welfare ("cannot arrange child care")	11%
Study	**Population**	**Employment Choices Questions**	**Yes**
Florida	Full statewide Leaver sample (n=935)	• Know of a better job you could get if you had better childcare?	26%
		• Last month missed work because of child care problem?	22%
		• Child care problem led to job change?	22%
		• Child care problem led to change in hours worked?	33%
		• Child care problem led to new line of work?	17%
		• Answered "yes" to one or more of the above	51%

IV. Discussion: Implications for Policy and Further Research

The leavers studies raise a set of important questions that need closer examination by states and researchers. As we have noted throughout this analysis, it is difficult to draw national conclusions from a limited number of studies that rarely ask the same questions in the same ways. Nevertheless, the best available information at this point suggests that:

- Most responding employed leavers are not receiving child care subsidies;
- A substantial share of responding leavers are unaware of the availability of subsidies;
- Overall, the most common care arrangements for employed respondents who have left welfare are family, friends, and informal arrangements;
- There are striking differences between the child care arrangements of responding leavers who receive child care subsidies and the arrangements of those who do not receive subsidies - use of formal care arrangements is substantially higher among those who receive subsidies; and
- Child care problems can make it more difficult to obtain employment, retain employment, and move up into better jobs.

As we noted, the rates of uptake may not be low when compared to earlier system performance. Indeed, the number of former welfare recipients receiving subsidy assistance probably has increased in recent years as the number of families leaving welfare due to employment has increased and the amount of available child care funding has increased. Nevertheless, there is reason to believe that significant numbers of additional families could benefit from child care assistance, and that an opportunity to link those families with a benefit that could support both employment and child well-being is not being fully utilized. Families with employed mothers who are paying the full cost of care out-of-pocket may be more likely to be in poverty.[34] Thus, there is a need for states to explore strategies to improve awareness of and access to subsidies.

While this paper focuses on the child care experiences of leavers, it is possible that the limited uptake of child care subsidies may be a manifestation of some of the same dynamics that have resulted in declines in Medicaid and food stamp receipt after families leave TANF.[35] Recent analyses have reported that after leaving TANF, the likelihood that children receive Medicaid falls, and most adults stop receiving Medicaid; similarly, studies report that most TANF exiters are no longer receiving food stamps. While there is substantial concern about the reductions in Medicaid and food stamp receipt, there is still uncertainty about what factors most account for the declines in receipt. One possibility is that families leaving TANF want to distance themselves from other public supports that seem like "welfare." Another possibility is that there are weaknesses in current state systems for linking families with needed benefits when families leave TANF. In fact, it appears that in a high percentage of cases when families leave TANF due to employment, the family's employment is not identified in the case closing process. While leavers studies suggest that 50% or more of leavers are working shortly after leaving TANF, national administrative data in FY 98 only identified 22% of case closures as due to employment. One might anticipate that the ability to link working families with needed benefits will be hindered if states are not able to identify most of the cases in which families leave TANF due to employment. And, if families are not consistently identified at the point of exit, there may be a need to develop other forms of outreach so that low-income working families – in and out of TANF – are more aware of child care and other available supports.

Commentators who reviewed this paper suggested an array of additional possible reasons why families leaving welfare and who might benefit from a child care subsidy were not receiving subsidy assistance. Among the possible reasons:

[34] One study of 1995 data from California families receiving assistance or recently leaving welfare found that nearly two-thirds of the employed child care users paid the full cost of care, and that once these costs were calculated into family income they increased the sample's poverty rate from 39 to 59%. Marcia K. Meyers & Theresa Heintze, *The Performance of the Child Care Subsidy System: Target Efficiency, Coverage Adequacy and Equity* (1998), 19.

[35] See Mark Greenberg, *Participation in Welfare and Medicaid Enrollment* (Kaiser Family Foundation, 1998 [www.kff.org/archive/health_policy/kcfm/enrollment/enrollment.html]); Brauner and Loprest, *Where Are They Now? What States' Studies of People Who Left Welfare Tell Us* Loprest, *Families Who Left Welfare: Who Are They and How Are They Doing?* (Urban Institute, 1999); and U.S. General Accounting Office, *Food Stamp Program: Various Factors Have Led to Declining Participation* , GAO/RCED-99-185 (July 1999).

- Families may have heard about a state's waiting list for child care subsidies for the low-income population and assume they will not be able to access a subsidy because they are unaware of state policies to prioritize families in transition from cash assistance.

- Some states only prioritize transitioning families for a limited period of months after leaving welfare, so if a leaver family tries to access a subsidy after that time period they must go on the wait list.

- In some states copayment rates may be prohibitively high and may discourage some low-wage families from entering the subsidized system.

- Families' best source of information about accessing the subsidy system may be limited to a local child care center, so only those families who have contact with that center may find out about their eligibility for subsidy. States may vary in that some allow centers to conduct intake into the subsidy system whereas others do not.

- Parents who have left welfare may avoid subsidized child care because they believe acceptance of this benefit will count against their lifetime time limit for eligibility for cash assistance.[36]

While each of these are possible factors, the clearest conclusion from this analysis is that a state wishing to ensure that families leaving welfare are aware of and able to access available subsidies needs to:

- Determine the magnitude of the problem by gathering available data about subsidy uptake;

- Evaluate its processes for informing current recipients and exiters about the availability of subsidies;

- Examine its processes for ensuring that families with employment income are identified at the point of welfare exit;

- Use procedures such as leavers surveys, focus groups and interviews to determine whether current administrative procedures or eligibility rules are inadvertently depressing subsidy usage.

As we have noted, families that are not receiving subsidies are far more likely to be making use of informal care arrangements. From the available data in leavers studies, we cannot distinguish whether this simply reflects family preferences or whether it reflects the constrained choices of low income families that do not receive subsidies and are therefore unable to afford more formal care arrangements. Washington's data suggests that for families not receiving subsidies, the cost

[36] A Washington state survey of current and former TANF and other low income families found that a third of the families were not receiving subsidies, and 23% of those families said they were worried that child care subsidies would affect their five-year time limit on assistance. Marna Geyer Miller & James Hu, *DSHS Subsidized Child Care: A Briefing Paper* (Department of Social and Health Services, Research and Data Analysis, 1999), 9.

of care is the most common reason for the family's choice of arrangement, but there is a clear need for states to better understand how the availability of subsidies affects care arrangements.

Reviewers of this paper also considered why informal care arrangements with friends and family might be being used most often by leaver families. Among the possible explanations:

- Non-traditional late night work hours among entry-level workers might lead to a preference for less formal care settings.
- Leaver families, like many other families, may prefer to place their children in care that feels familiar culturally and linguistically, and thus start their child care search among friends and family members.
- The supply of formal care arrangements may not be adequate to serve children in certain age groups, such as infants and toddlers.
- In some states, there is evidence that administrative snafus and policies have pointed many families leaving welfare toward informal care arrangements or away from use of state subsidies.[37]

Again, each of these are possible explanations, but the leavers studies and other research could provide an opportunity to develop a much better understanding of the factors affecting choice of care arrangements.

As states seek to develop new structures of supports for working families, the TANF leaver studies can be a valuable source of information in the policy development process. In particular, states could add to the knowledge base about the effectiveness of their child care subsidy systems if states strengthened the set of questions asked about child care in their studies. Some studies were conducted under the guidance of the state's TANF agency without involving state child care administrators and experts. At present, a number of states only ask a minimal set of questions or no questions at all concerning the child care arrangements, needs, and subsidy usage of families leaving welfare. These are lost opportunities. States would surely benefit from having more information about the rate of subsidy uptake, the reasons why families do and do not use subsidies, the arrangements of families that do and do not use subsidies, the effect of subsidies on parental choice of child care arrangements, and the extent to which more consistent access to subsidies could improve employment outcomes.

In the first round of studies, many states primarily focused on questions relating to why families left welfare, whether they were working, and whether they were facing extreme hardships. While these are crucial questions, the studies also provide an opportunity to gain information that cannot readily be derived from administrative records in order to guide policy development. For example, a state can use its studies to determine whether lack of knowledge is a factor affecting subsidy uptake, and adjust policies accordingly. Or, if a state discovers that administrative

[37] Testimony of Helen Blank, Director, Child Care and Development, Children's Defense Fund, before the U.S. House Ways and Means Committee (March 16, 1999) [http://www.house.gov/ways_means/humres/106cong/3-16-99/3-16blan.htm].

complexity or low provider rates are affecting participation or choices, a state can again make appropriate adjustments.

In addition to reviewing the research questions currently being asked by other states, states might also consider:

- Improving survey population representation, sample size, and response rates through such methods as: multiple means of and attempts to contact the sample through telephone, mail, and in-person interviews; incentives to encourage participation; multi-lingual interviewers; and follow up with the post office and telephone company to track forwarding information for members of the sample who have moved;

- Ensuring that both state TANF and child care administrators are involved in designing survey questions about child care topics;

- Developing follow-up questions to better understand the circumstances of respondents who say that they do not need child care assistance;

- Clarifying questions on care arrangements by developing surveys that either expressly seek information for care arrangements for all children below a particular age, or only ask for information for a particular child, e.g., youngest child in the family; that identify the age of the child receiving care; and that make clear whether the survey is asking for data on all care ever used or only on care provided on an ongoing basis for employment;

- Gathering information on families' out-of-pocket costs of child care per individual child so that the data may be analyzed according to whether families are receiving subsidies or not;

- Designing studies to examine potential differences in the child care experiences of different populations, e.g. subsidized vs. non-subsidized, rural vs. urban, racial or ethnic differences, families with infants and toddlers, preschool age children, and school age children;

- Investigating what leavers know about child care subsidy eligibility and where they obtain useful information – data that could be helpful in planning outreach and consumer education strategies; and

- Correlating reported hours and times of day worked with child care arrangements chosen, which could increase our understanding of how non-traditional hours and child care arrangements interact and affect employment trajectories.

In short, we now know from state studies that most former TANF recipients are working. At the same time, we also know that they are often in low wage jobs, and are generally not receiving child care assistance and other supports that could increase their net income and enhance their family's well-being. State leavers studies can enhance our understanding of the situations of families and can also be a vehicle to help states strengthen the supports for the families that have left welfare.

V. Appendix. Description of Reviewed Studies of Families Who Have Left Welfare

Study Site	Title	Researcher(s)	Time of Case Closure	Time Elapsed When Contacted	Continuous Leavers	Date
Arizona	**Cash Assistance Exit Study: First Quarter 1998 Cohort**	**Arizona Department of Economic Security, Office of Research and Evaluation: Westra & Routley**	**December 1997 to February 1998**	**Administrative data – 1st to 3rd Quarter after exit**	**No**	**5/99**
Florida	After Leaving WAGES	Florida State University: Crew & Eyerman	October 1996 to September 1998	1 – 24 months	Unclear	9/98
Idaho	Welfare Reform Case Closure, Study #3	The Schwiebert Group, Inc. for the Idaho Department of Health and Welfare, Office of Research and Evaluation	January to June 1998	1 – 6 months	No	3/99
Kentucky	From Welfare to Work: Welfare Reform in Kentucky; Evaluation No. 2	University of Louisville, Center for Policy Research and Evaluation: Cummings & Nelson	January to November 1997	11 – 22 months	Yes	1/99
Massachusetts	How are They Doing?: A Longitudinal Study of Households Leaving Welfare Under Massachusetts Reform	Massachusetts Department of Transitional Assistance	December 1996 to June 1997	Round One: 3 months; Round Four: 12 months	No	4/99
Mississippi	Tracking of TANF Clients: First Report of a Longitudinal Study	Center for Applied Research: Beeler, Brister, Chambry, & McDonald	January to April 1998	6 – 8 months	No	1/99 (revised)
New Mexico	Survey of the NM Closed-Case AFDC Recipients, July 1996 – June 1997	Bureau of Business and Economic Research, University of New Mexico	July 1996 to June 1997	Unreported	Unclear	9/97
New Orleans, Louisiana	Exiting Welfare: The Experience of Families in Metro New Orleans	Southern University at New Orleans: Mancoske, Abel Kemp, & Lindhorst	January to March 1998	1 – 4 months	Yes	6/98
New York City	Leaving Welfare: Findings from a Survey of Former NYC Welfare Recipients	Office of Policy and Program Analysis, NYC Human Resources Administration: Bush, Desai, & Mead	October 1997	6 months	No	9/98
North Carolina	Evaluation of the North Carolina Work First Program: Status of Families Leaving Work First after Reaching the 24-Month Time Limit	MAXIMUS	End of July 1998	4 – 5 months	Yes	5/99
Oklahoma	Family Health & Well-Being In Oklahoma: An Exploratory Analysis of TANF Cases Closed and Denied	Oklahoma Department of Human Services, Office of Finance, Planning and Research Unit	October 1996 to November 1997	2 – 16 months	No	9/98
South Carolina	Survey of Former Family Independence Program Clients – 5th and 6th Survey Reports	Division of Program Quality Assurance and Division of Planning and Research, South Carolina Department of Social Services	January through December, 1997 – Full year data (#5) January through March, 1998 – Most recent quarter released (#6)	9 – 14 months	Yes	2/99 6/99
Tennessee	Summary of Surveys of Welfare Recipients Employed or Sanctioned for Non-Compliance	Bureau of Business and Economic Research/Center for Manpower Studies, University of Memphis		13 weeks	Yes	3/98

Study Site	Title	Researcher(s)	Time of Case Closure	Time Elapsed When Contacted	Continuous Leavers	Date
Texas	**Why People Leave Welfare II: An Expanded Follow-up Study of the Effects of Welfare Reform**	**Texas Legislative Council: Nemir, Sanders, & Warren**	**November 1997 to February 1998**		**Yes**	**12/98**
Washington	Washington's TANF Single Parent Families After Welfare	Washington Management Reports and Data Analysis, Division of Program Research and Evaluation, Department of Social and Health Services	April to July 1998	1 – 4 months	Yes	1/99
Wisconsin	Survey of Those Leaving AFDC or W-2, January to March 1998, Preliminary Report	Wisconsin Department of Workforce Development	January to March 1998	6 – 9 months	Yes	1/99
Wyoming	A Survey of Former POWER Recipients	Western Management Services, LLC	December 1996 to February 1998	1 – 15 months	No	5/98

NOTE: Two additional studies with limited information relevant to child care were reviewed but not discussed in this paper. See Colville et al., **A Study of AFDC Case Closures Due to JOBS Sanctions: April 1996 AFDC Case Closures** (Administration for Legislation, Budget & Analysis, Michigan Family Independence Agency, 1996) and Derr, **The Impact of Grant Sanctioning on Utah's TANF Families** (University of Utah, 1998).

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